

## Message Text

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ORIGIN AF-06

INFO OCT-01 ISO-00 AID-05 EB-07 /019 R

DRAFTED BY AF/W:JKBISHOP:MN

APPROVED BY AF:JJBLAKE

AF/EPs:RBDUNCAN

AFR/CWR:DSHEAR/FGILBERT

AFR/GC:EADRAGON

EB/IFD/OIA:DSTEBBING

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P 022231Z JAN 76

FM SECSTATE WASHDC

TO AMEMBASSY COTONOU PRIORITY

C O N F I D E N T I A L STATE 001030

E.O. 11652: GDS

TAGS:EINV, EAID, DM

SUBJECT: HICKENLOOPER AMENDMENT AND ONGOING AID PROJECTS

REFS: (A) STATE 303051; (B) STATE 265152

FOR AMBASSADOR FROM AF

1. AS YOU HAVE BEEN INFORMED PREVIOUSLY (REFTEL B), A DECISION THAT BENIN IS INELIGIBLE FOR BENEFITS OF GSP BECAUSE ITS GOVERNMENT NOT TAKING STEPS REQUIRED BY SECTION 502(B)(4)(D)(II) OF THE TRADE ACT REGARDING NATIONALIZED US INVESTMENTS WOULD BE LIKELY TO LEAD TO INVOCATION HICKENLOOPER AMENDMENT. THIS IS A POINT WHICH YOU HAVE MADE IN YOUR DEMARCHES TO BENIN GOVERNMENT OFFICIALS AND WHICH HAS BEEN RAISED IN WASHINGTON WITH BENIN CHARGE.

2. THE TIMING OF ANY AID ACTION UNDER HICKENLOOPER REMAINS UNCERTAIN, BUT AID'S GENERAL COUNSEL HAS DETERMINED THAT THE HICKENLOOPER REQUIREMENT REGARDING SUSPENSION OF

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ASSISTANCE APPLIES NOT ONLY TO NEW LOANS AND GRANTS BUT TO

FURTHER DISBURSEMENTS UNDER OBLIGATED LOANS AND GRANTS FOR WHICH IRREVOCABLE LETTERS OF CREDIT HAVE NOT BEEN ISSUED.

ACCORDING TO INFORMATION AVAILABLE HERE, SOME OF THE FUNDS OBLIGATED FOR THE PARAKOU-MALANVILLE ROAD AND ALL OF THE FUNDS OBLIGATED FOR THE COTONOU BRIDGE/DAM HAVE NOT YET BEEN SUBJECT OF IRREVOCABLE LETTERS OF CREDIT, AND INVOCATION HICKENLOOPER AMENDMENT WOULD REQUIRE SUSPENSION OF PROJECTS BEFORE COMPLETION OF ROAD AND BEFORE CONSTRUCTION ON BRIDGE/DAM EVER GETS UNDERWAY.

3. SUGGEST THAT YOU INFORM BENIN GOVERNMENT OFFICIALS THAT CONTINUED FAILURE BENIN GOVERNMENT TO MAKE ANY PROGRESS IN RESOLVING OUTSTANDING NATIONALIZATION CASES COULD LEAD TO SUSPENSION OF US FINANCING OF THESE ONGOING PROJECTS, AS WELL AS A HALT TO FURTHER US AID. YOU MAY WISH TO SUGGEST THEY COMPARE THE COST OF SETTLEMENTS WITH US FIRMS WITH VALUE OF AID THEY MAY LOSE IF NO PROGRESS MADE TOWARD SETTLEMENT. IN MAKING THIS POINT WITH BENIN GOVERNMENT, YOU SHOULD AVOID CREATING IMPRESSION THAT SATISFACTION OF NATIONALIZATION ISSUE WILL RESOLVE ALL PROBLEMS REGARDING THESE LOANS AND INSURE THEIR FULL IMPLEMENTATION. INGERSOLL

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC ASSISTANCE, NATIONALIZATION, HICKENLOOPER AMENDMENT, GENERALIZED PREFERENCES (TARIFFS), FOREIGN INVESTMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 02 JAN 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976STATE001030  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** JKBISHOP:MN  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D760001-0828  
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**Image Path:**  
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**Legacy Key:** link1976/newtext/t19760189/aaaadbfi.tel  
**Line Count:** 84  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ORIGIN AF  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** 76 STATE 303051, 76 STATE 265152  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** GolinoFR  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 22 JUN 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <22 JUN 2004 by greeneet>; APPROVED <23 JUN 2004 by GolinoFR>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** HICKENLOOPER AMENDMENT AND ONGOING AID PROJECTS  
**TAGS:** EINV, EAID, DM, US  
**To:** COTONOU  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006